



# **STAFF ANALYSIS**

## **STATE PUBLIC WORKS BOARD**

*Friday, October 9, 2020 at 10:00 a.m.*

This meeting will take place entirely virtually and can be accessed through the following link or phone numbers\*:

<https://zoom.us/j/99893970715?pwd=a0M3dEFtckZQY2U2alZra1dFQ2Z2dz09>

Meeting ID: 998 9397 0715

Passcode: !D8Bx^4Z

Or

Phone: (669) 219 2599\*\*

(669) 900 9128\*\*

(213) 338 8477\*\*

Meeting ID: 998 9397 0715

Passcode: 87704797

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\*Due to the Governor's proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor's Executive Order N-29-20, issued March 17, 2020, the Board meeting will take place entirely virtually on October 9, 2020. Members of the Board will participate in this meeting remotely via telephonic or video conference. The meeting may be observed through the Zoom link and telephone number identified above. If using the Zoom platform, please install the Zoom application and enter the virtual conference room prior to the 10:00 a.m. meeting start time. Members of the public may participate through telephone, the Zoom platform, or by submitting public comment in advance. If members of the public wish to submit comments in advance, the Board asks members of the public to provide written comments to [Kat.Lee@dof.ca.gov](mailto:Kat.Lee@dof.ca.gov) prior to the meeting. To the extent possible, all written comments will be distributed to the members of the Board prior to the meeting.

\*\* This phone number **IS NOT** a toll free number.

Pursuant to section 11125 of the Government Code, notice of all Board meetings will be given at least ten days in advance and such notice must include a copy of the agenda. Members of the public may address the Board prior to it taking action on any matter in the agenda.

This notice and the Board agenda for the current month are available on the State Public Works Board website. [Please click here to view](#). The full Board member briefing package is available upon request. Please send an email to [Kat.Lee@dof.ca.gov](mailto:Kat.Lee@dof.ca.gov).

Individuals who need disability-related accommodation, including auxiliary aids for effective participation at this public meeting are invited to make their requests and preferences known to Kat Lee at (916) 445-9694 or e-mail to [Kat.lee@dof.ca.gov](mailto:Kat.lee@dof.ca.gov), five days prior to the meeting.

# **BOND ITEMS**

## **BOND ITEM—1**

**CALIFORNIA HIGHWAY PATROL (2720)  
HAYWARD AREA OFFICE REPLACEMENT  
ALAMEDA COUNTY**

*Authority: Budget Act of 2016, Item 2720-301-0044 (3)  
Budget Act of 2019, Items 2720-301-0044 (3) and 2720-301-0660 (2)*

**Consider adoption of a resolution to:**

- 1) Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.**
- 2) Authorize the sale of lease revenue bonds.**
- 3) Approve the form of and authorize the execution and delivery of a Project Delivery Agreement between the Department of General Service and the Board, with consent of the California Highway Patrol.**
- 4) Authorize and direct Executive Director and Deputy Directors to take any and all such actions and to execute and deliver any documents as may be necessary to carry out the purpose of this resolution.**

**Total Bond Appropriation**

**\$48,733,000**

## **STAFF ANALYSIS ITEM—1**

# **ITEM PULLED**

## BOND ITEM—2

### BOARD OF STATE AND COMMUNITY CORRECTIONS (5227) ADULT LOCAL CRIMINAL JUSTICE FACILITIES PROJECT MERCED COUNTY

*Authority: Sections 15820.93 – 15820.936 of the Government Code (SB 863)*

#### Consider adoption of a resolution to:

- 1) **Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.**
- 2) **Authorize the sale of lease revenue bonds.**
- 3) **Authorize and direct the Executive Director and Deputy Directors to take any and all such actions and to execute and deliver any documents as may be necessary to carry out the purpose of this resolution.**

**Total Bond Allocation**

**\$40,000,000**

## STAFF ANALYSIS ITEM—2

Board of State and Community Corrections  
Adult Local Criminal Justice Facilities Project  
Merced County

#### Action Requested

**If approved, the requested action would adopt a resolution authorizing actions to be taken to provide for interim financing, authorize the sale of lease revenue bonds, and other related actions.**

#### Scope Description

**This project is within scope.** As established by the Board, this project will design and construct new additions and renovation to the existing jail facility on approximately 13 acres of county-owned land, in the County of Merced. This project consists of the construction of 4 new buildings and renovation of the existing dorms.

The design of 4 new buildings will include a new health care building with approximately 30 flex beds for both medical and mental health and associated clinic area; a new standalone program and services building; a new kitchen and laundry facility; a new county intake and release; and an administration building with visiting space. A sally port will be constructed and the existing parking lot will be reconfigured into public and secure employee parking.

Renovation of the existing dormitory units on site will be to harden the construction and upgrade the toilet and shower areas to allow the housing of higher classification inmates. Additionally, outdoor recreation yards will be constructed with direct access from the dormitories.

This project will also include the installation of upgraded on-site utility systems including,

but not limited to, water; septic sewer; electrical; plumbing; mechanical; heating, ventilation, and air conditioning; telecommunications; security; fire protection; and storm water systems. The project will include seismic upgrades to existing buildings and install site secure perimeter fencing.

#### Funding and Cost Verification

**This project is within cost.** Section 15820.932 of the Government Code (SB 863) appropriates \$500,000,000 lease revenue bond financing authority to partially finance the design and construction of adult local criminal justice facilities. The initial allocation of this funding to individual counties was administered through the Board of State and Community Corrections (BSCC) through a competitive public process. On April 19, 2017, the Board established the scope, cost, and schedule of this project, allocating \$40,000,000 of the \$500,000,000 lease revenue bond financing authority. All acquisition/study and any design and construction costs in addition to this award amount will be paid by the county. At the time of establishment, the total estimated project cost was \$44,446,000. Subsequent to this action, a scope change was approved on January 12, 2018 with a new estimated total project cost of \$43,148,000. Performance criteria was approved on September 17, 2020.

\$43,148,000 Total authorized project cost

\$43,148,000 Total estimated project cost

\$38,834,000 State costs previously allocated: \$1,086,000 for performance criteria and \$37,748,000 for design-build (\$32,825,000 contract, \$2,387,000 contingency, \$248,000 agency retained, and \$2,288,000 other project costs).

\$4,314,000 Local funds previously allocated: \$99,000 for acquisition/study, \$779,000 for performance criteria, and \$3,436,000 for design-build (\$1,532,000 contract, \$1,048,000 contingency, \$23,000 A&E costs, \$206,000 agency retained, and \$627,000 other project costs).

#### CEQA

The County of Merced filed a Notice of Determination with the State Clearinghouse on July 21, 2015 and the 30-day statute of limitations expired without challenge.

#### Real Estate Due Diligence

The Department of General Services, on behalf of the City of Merced, completed a Summary of Conditions Letter for this project on October 16, 2018 and no issues that would adversely affect the beneficial use and quiet enjoyment of the project were identified.

#### Project Schedule

Approve performance criteria	September 2020
Start design-build	December 2020
Complete design-build	June 2023

**Staff Recommendation:**                      **Adopt resolution.**

## BOND ITEM—3

### BOARD OF STATE AND COMMUNITY CORRECTIONS (5227) ADULT LOCAL CRIMINAL JUSTICE FACILITIES PROJECT YOLO COUNTY

*Authority: Sections 15820.93 – 15820.936 of the Government Code (SB 863)*

Consider adoption of a resolution to:

- 1) **Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.**
- 2) **Authorize the sale of lease revenue bonds.**
- 3) **Approve and direct the Executive Director and Deputy Directors to take any and all such actions and to execute and deliver any documents as may be needed to carry out the purpose of this resolution.**

**Total Bond Allocation**

**\$30,500,000**

## STAFF ANALYSIS ITEM—3

Board of State and Community Corrections  
Adult Local Criminal Justice Facilities Project  
Yolo County

### Action Requested

**If approved, the requested action would adopt a resolution authorizing actions to be taken to provide for interim financing, authorize the sale of lease revenue bonds, and other related actions.**

### Scope Description

**This project is within scope.** The project consists of the design and construction of a new stand-alone facility on county-owned land adjacent to an existing facility in the City of Woodland. The project includes demolition of the existing Leinberger facility and provides housing, housing support, central control, public lobby, and staff/support area.

The housing area will provide approximately 150 beds and will include dayrooms, outdoor recreational space, and support space. Housing support will consist of multiple program rooms, interview, sally port, and medical clinic space. Central control and public lobby area will also include non-contact, in-person visitation. The staff/support area will include administration, staff locker rooms, break room, and storage rooms.

The project will also include, but is not limited to utilities; electrical; plumbing; mechanical; heating, ventilation, and air conditioning; communications; fencing; security and fire protection systems; as well as landscaping and pavement for building access and outdoor functions.

### Funding and Project Cost Verification

**This project is within cost.** Section 15820.932 of the Government Code (SB 863) appropriates \$500,000,000 lease revenue bond financing authority to partially finance the design and construction of adult local criminal justice facilities. Award of this funding to individual counties was administered through the Board of State and Community Corrections (BSCC). The BSCC conditionally awarded \$30,500,000 from this appropriation to Yolo County for this project. All acquisition/study and any design and construction costs in addition to this award amount will be paid by the county. On February 6, 2018, the Board established the scope, cost, and schedule of this project allocating \$30,500,000 of the \$500,000,000 lease revenue bond financing authority appropriated in Section 15820.932 of the Government Code to partially finance the design and construction of this project. At the time of establishment, the total estimated project cost was \$34,482,000. On October 25, 2018, the Board approved preliminary plans.

\$ 34,482,000	Total authorized project costs
\$ 34,482,000	Total estimated project costs
\$ 30,500,000	State costs to be allocated: \$443,000 for working drawings and \$30,057,000 for construction (\$26,633,000 contract, \$2,131,000 contingency, \$503,000 agency retained items, and \$790,000 other project costs)
\$ 3,982,000	Local costs to be allocated: \$104,000 for acquisition/study, \$1,257,000 for preliminary plans, \$1,240,000 for working drawings, and \$1,381,000 for construction (\$629,000 A&E and \$752,000 other project costs)

### CEQA

Yolo County filed a Notice of Exemption with the County Clerk-Recorder's Office on March 2, 2018 and the 35-day statute of limitations expired without challenge.

### Real Estate Due Diligence

The Department of General Services, on behalf of Yolo County, completed a Summary of Conditions Letter for this project on March 13, 2019 and no issues that would adversely affect the beneficial use and quiet enjoyment of the project were identified.

### Project Schedule

Approve preliminary plans	October 2018
Complete working drawings	August 2020
Start construction	January 2021
Complete construction	May 2022

**Staff Recommendation:** **Adopt resolution.**

## BOND ITEM—4

### DEPARTMENT OF VETERANS AFFAIRS (8955)

### VETERANS HOME OF CALIFORNIA, YOUNTVILLE: SKILLED NURSING FACILITY NAPA COUNTY

Authority: 2018 Budget Act, Item 8955-301-0001 (1)  
2020 Budget Act, Item 8955-301-0660 (2) as amended by Chapter 40,  
Statutes of 2020, Section 90

#### Consider adoption of a resolution to:

- 1) Authorize actions to be taken to provide for interim financing and declare the official intent of the Board to reimburse certain capital expenditures from the Public Buildings Construction Fund from the proceeds of the sale of bonds.
- 2) Authorize the sale of lease revenue bonds.
- 3) Approve the form of and authorize the execution and delivery of a Project Delivery Agreement between the Department of General Service and the Board, with consent of the Department of Veterans Affairs.
- 4) Approve and direct the Executive Director and Deputy Directors to take any and all such actions and to execute and deliver any documents as may be needed to carry out the purpose of this resolution.

Total Bond Appropriation

\$317,093,000

## STAFF ANALYSIS ITEM—4

Department of Veterans Affairs  
Veterans Home of California, Yountville: Skilled Nursing Facility  
Napa County

#### Action Requested

**If approved, the requested action would adopt a resolution authorizing actions to be taken to provide for interim financing, authorize the sale of lease revenue bonds, and other related actions.**

The Legislature has authorized the Board to issue lease revenue bonds to finance certain costs for this project. It is anticipated that certain capital expenditures will need to be made prior to the Board issuing bonds for this project. The proposed resolution will authorize actions to be taken to cause interim loans to be made from the General Fund or the Pooled Money Investment Account to pay for these costs. The proposed resolution also authorizes the sale of lease revenue bonds for the reimbursement of capital expenditures for the project and repayment of the interim loans.

#### Scope Description

**This project is within scope.** The project consists of the design and construction of a new 240 bed Skilled Nursing / Dementia Care Facility on approximately 11 acres at the existing Yountville Veterans Home campus. The project includes completion of EIR, NEPA, and will comply with Secretary of Interior Standards relating to the Historic status of the campus. The approximately 285,000 square foot facility is anticipated to be a

multi-story building or buildings constructed in a terraced manner on a sloped and undeveloped portion of the campus. The facility will include satellite and main kitchens, dining rooms, exam rooms, nursing stations, laundry facilities, parking, roadways, an emergency generator, utilities, and appurtenances. Demolition and abatement of up to five existing buildings and site work is included in the scope of the project. The facility is anticipated to be LEED Silver and ZNE if feasible—pending constraints of the Historic site standards.

#### Funding and Cost Verification

**The project is within cost.** The Budget Act of 2018 appropriated \$7,098,000 General Fund for the performance criteria phase of this project. The Budget Act of 2020 appropriated \$317,093,000 from the Public Buildings Construction Fund for the design-build phase of this project.

\$324,191,000 Total authorized project costs.

\$324,191,000 Total estimated project costs.

\$7,098,000 Costs previously allocated: \$7,098,000 for performance criteria.

\$317,093,000 Project costs to be allocated: \$317,093,000 for design-build (\$268,623,000 contract, \$8,059,000 contingency, \$7,753,000 A&E, \$12,000,000 agency retained, and \$20,658,000 other project costs).

#### CEQA

The Department of General Services, on behalf of the Department of Veterans Affairs, filed a Notice of Determination with the State Clearinghouse on June 3, 2020 and the 30-day statute of limitations expired without challenge.

#### Real Estate Due Diligence

The Department of General Services completed a Summary of Conditions Letter for this project on June 29, 2020 and no issues that would adversely affect the beneficial use and quiet enjoyment of the project were identified.

#### Project Schedule

Approve performance criteria	August 2020
Start design-build	February 2021
Complete design-build	October 2023

**Staff Recommendation:**

**Adopt resolution.**

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# MINUTES

Consider approving the minutes from the September 11, 2020 and September 21, 2020 meetings.

Staff have reviewed the minutes from the September 11, 2020 and September 21, 2020 meetings and recommend approval.

Staff Recommendation: Approve minutes from the September 11, 2020 and September 21, 2020 meetings.

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## CONSENT CALENDAR A

### CONSENT ITEM—1

DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540)  
SOQUEL DEMONSTRATION STATE FOREST – BARR PROPERTY  
SANTA CRUZ COUNTY

*Authority:* Public Resources Code Section 4031 and Government Code Section 11005

Consider authorizing:

- 1) Acquisition of real property
- 2) Execution of a Property Acquisition Agreement and other such documents as may be required to complete the acquisition

### STAFF ANALYSIS ITEM—1

Department of Forestry and Fire Protection  
Soquel Demonstration State Forest  
Contra Costa County

#### Action requested

**If approved, the requested action will authorize the acquisition of real property and execution of a Property Acquisition Agreement and other such documents as may be required to complete the acquisition.**

#### Scope Description

**This project is within scope.** This request will authorize acquisition of approximately 17 acres of vacant land in a rural area approximately 10 miles northeast of the City of Santa Cruz in Santa Cruz County (the Property). If approved, the Department of Forestry and Fire Protection (Cal Fire) would acquire the land in exchange for zero dollars for an addition to the Soquel Demonstration State Forest operation. This property addition

includes potential historical, cultural, and educational values and would allow for better access and parking for the Demonstration State Forest operation.

#### Funding and Cost Verification

**This project is within cost.** This is a non-capital outlay acquisition of property for zero dollars with acquisition overhead costs provided from the Cal Fire General Support Fund.

#### CEQA

A Notice of Exemption was filed with the State on July 16, 2020, and the 35-day statute of limitations expired without challenge.

#### Project Schedule

Estimated close of escrow: December 2020

#### Condition of Property:

The Department of General Services (DGS), Environmental Services Unit (ESU) staff conducted a site visit to the subject property in February 2020. Located in the unincorporated area of Santa Cruz County, the Property is approximately 17 acres of privately owned land (APN 098-321-13) and is adjacent to the existing Soquel Demonstration State Forest.

The site has redwood growth and other flora common to the Santa Cruz mountain region and would be a seamless integration into the existing state forest. As a whole, the site is largely unincorporated forest land without currently used structures and some evidence of dumping of miscellaneous items.

Access to this parcel is off Highland Way and Adams Road with maintained trails that lead into and run throughout the Property. It is also adjacent to a winery/vineyards and property developed, or in the process of being developed, for residential purposes.

#### **Environmental Site Assessment (ESA) Phase 1**

The Phase I ESA report was completed in May 2020 by an outside firm at the direction of DGS. The Phase I ESA documented the history of the site in context of usage, storage, treatment, and disposal of any hazardous substances and waste, and evaluated the potential presence of recognized environmental conditions (RECs) as defined by ASTM E1527-13, Standard Practice for Environmental Site Assessments. The report concluded one REC identified in connection with the subject property:

- One waste dump site was identified in the southwest area of the Property. Two abandoned 55-gallon drums, metals scrap, cans, rubber parts and debris were observed at this dump area. According to the visual observations and the amount of vegetation and soil on top of the solid waste, the age of the wastes is expected to be roughly 15 years old. This was deduced by finding a February 2005 expiration date on a metal soda can that was included in the debris from the dump subject Property. No evidence of staining was identified in this area. Given that the extent of any potential contamination to the soil and/or groundwater around the waste dump site is unknown, this is considered a REC.

One de minimus condition (DMC) was found in connection with the Property:

- Historical research indicates that part of the subject Property was used as an orchard field (landslide area of the Property). Reportedly the orchards were removed or abandoned in the late 1960s. The use of pesticides or herbicides at the orchards is unknown. Given that the orchards were removed or abandoned in the late 1960s, this is considered a DMC.

Historical and regulatory research indicates that the Property was not used in a manner that could be a cause for environmental concern. The Phase I did not consider the subject Property to have impacts from former property uses.

Other:

- The Board approved delegated site selection of the Property on February 24, 2020.
- Neither DGS nor Cal Fire is aware of any lawsuits pending concerning the Property. The Property Acquisition Agreement (PAA) will require delivery of title free and clear of any mortgages or liens.
- The PAA requires the seller to grant to state a non-exclusive, revocable license for secondary access and entry over and across a southeasterly portion of the Property for a minimum of twelve (12) months from the Close of Escrow, until the seller is able to grant to state a permanent access easement over and across that same portion of the Property.
- The PAA does not include the state's standard indemnification language. The seller's representations and warranties are limited to the seller's "actual knowledge" with no hazardous materials indemnification provided. Based on the state's physical inspections of the Property and related environmental assessment reports, it does not appear that there are any environmental conditions that would present exceptional risk to the state.
- Relocation assistance will not be required.
- The site meets the physical and location requirements of Cal Fire.
- There are no historical issues and no indication of implied dedications associated with the Property.
- The proposed project location is consistent with the state's planning priorities in accordance with Government Code Section 65041 et seq.

**Staff Recommendation:**

**Authorize the acquisition of real property and the execution of a Property Acquisition Agreement and other such documents as may be required to complete the acquisition.**

## CONSENT ITEM—2

### DEPARTMENT OF FORESTRY AND FIRE PROTECTION (3540) MOUNTAIN HOME DEMONSTRATION STATE FOREST – KEMP PROPERTY TULARE COUNTY

*Authority:* Public Resources Code Section 4031 and Government Code Section 11005

**Consider authorizing:**

- 1) **Acquisition of real property**
- 2) **Execution of a Property Acquisition Agreement and other such documents as may be required to complete the acquisition**

## STAFF ANALYSIS ITEM—2

Department of Forestry and Fire Protection  
Mountain Home Demonstration State Forest  
Tulare County

### Action requested

**If approved, the requested action will authorize the acquisition of real property and execution of a Property Acquisition Agreement and other such documents as may be required to complete the acquisition.**

### Scope Description

**This project is within scope.** This request would authorize acquisition of approximately 260 acres of mostly vacant land, consisting of one 180-acre site and one 80-acre site, located adjacent to Mountain Home Demonstration State Forest (MHDSF) in a rural area approximately 20 miles east of the City of Porterville in Tulare County (the Property). If approved, the Department of Forestry and Fire Protection (Cal Fire) would acquire the land in exchange for zero dollars for an addition to the MHDSF operation. This property acquisition will allow Cal Fire to provide added resources and support to clean up debris and other fire hazards on the Property, improve the environment, provide for education and recreational opportunities, and sequester carbon. The properties are located adjacent to existing demonstration state forest lands, so easements for ingress and egress will not be needed.

### Funding and Cost Verification

**This project is within cost.** This is a non-capital outlay acquisition of property for zero dollars with acquisition overhead costs provided from the Cal Fire General Support Fund.

### CEQA

A Notice of Exemption was filed with the State on July 16, 2020, and the 35-day statute of limitations expired without challenge.

### Project Schedule

Estimated close of escrow: December 2020

#### Condition of Property:

The Department of General Services (DGS), Environmental Services Unit (ESU) visited the site in January 2020. The Property located in Tulare County, about 20 miles east of the City of Porterville, is approximately 260 acres and consists of one 180-acre and one 80-acre property. The larger portion (180 acres) is comprised of three parcels APNs (144-100-028, 220-020-022 and 220-410-002) which lie adjacent to the MHDSF, and the smaller parcel (80 acres) is also located adjacent to the MHDSF at APN 144-060-003.

Cal Fire is in the process of acquiring the Property for inclusion into the MHDSF. The sites are largely undeveloped forest land, other than an old abandoned cabin structure and shed located on the 80-acre parcel and a steel covered structure in good shape on the 180 acre parcel at the formation of a small water spring. The old cabin and shed will most likely be demolished and removed from the site.

Access to these parcels are through existing State Forest land in the form of unsurfaced seasonal roads and a roadway easement from a public road right of way. The Property contains roads, landings and other timber harvesting infrastructure making it suitable for immediate harvest operations after acquisition occurs.

#### **Environmental Site Assessment (ESA) Phase 1**

The Phase I ESA report was completed in June 2020 by an outside firm at the direction of DGS. The Phase I ESA documented the history of the site in context of usage, storage, treatment, and disposal of any hazardous substances and waste, and evaluated the potential presence of recognized environmental conditions (RECs) as defined by ASTM E1527-13 and E2247-08, Standard Practice for Environmental Site Assessments. The report concluded no REC identified in connection with the subject property:

Historical research indicates that the subject property parcels were vacant and undeveloped forest land from at least 1940 until the present day. The Mountain Home Grove is a grove of Giant Sequoia trees located in the Demonstration Forest area and includes some of the largest trees in the world. Aerial photographs indicate that camping and recreation facilities have been developed in nearby parcels; however, no evidence of these cultural features was observed on the subject property parcels during the AECOM site reconnaissance. There is no historical evidence that there were ever any structures or other cultural features on the subject property except for unimproved roadways used for logging and forest management on all four parcels and a cabin on parcel APN 144-060-003, which was abandoned at the time of the site reconnaissance.

Based on the above-described activities, no RECs were identified in connection with the subject property.

#### Other:

- The Board approved delegated site selection of the Property on February 24, 2020.
- Neither DGS nor Cal Fire is aware of any lawsuits pending concerning the Property. The Property Acquisition Agreement will require delivery of title free and clear of any mortgages or liens.
- Relocation assistance will not be required.
- The site meets the physical and location requirements of Cal Fire.
- There are no historical issues and no indication of implied dedications associated with the Property.

- The proposed project location is consistent with the state's planning priorities in accordance with Government Code Section 65041 et seq.

**Staff Recommendation:**

**Authorize the acquisition of real property and the execution of a Property Acquisition Agreement and other such documents as may be required to complete the acquisition.**

## **CONSENT CALENDAR B**

### **CONSENT ITEM—1**

**CALIFORNIA HIGHWAY PATROL (2720)  
TRACY AREA OFFICE REPLACEMENT  
SAN JOAQUIN COUNTY**

*Authority: Section 14669.18 of the Government Code*

**Consider approving a third amendment to the lease purchase agreement.**

### **STAFF ANALYSIS ITEM—1**

California Highway Patrol  
Tracy Area Office Replacement  
San Joaquin County

Action Requested

**If approved, the requested action would approve a third amendment to the lease purchase agreement as presented to the Board at this meeting.**

The amendments to the lease purchase agreement include replacing the lessor, revising lease payments and project schedule, and extending the date by which the state could unilaterally cancel the lease.

Background

On September 24, 2018, the Board authorized an acquisition through the approval of a lease-purchase agreement with early options to purchase (Lease Purchase Agreement). Under this agreement a developer, Magnon Companies, Inc (Magnon), would acquire approximately five acres of property to develop and construct a replacement California Highway Patrol (CHP) area office in Tracy. At the end of the term of the agreement, or when the early option is exercised, the state will own the facility and property. The proposed facility will consist of approximately 25,000 square feet of office space, with a vehicle service area, fuel island, truck and bus citation clearance area, communications tower with radio vault, secured and public parking, and related improvements.

Although the Board approved the Lease Purchase Agreement, there were several issues identified with the preferred site, which required resolution prior to development of the project. As a result, under the lease purchase agreement, the state may unilaterally cancel the lease without penalty if the developer does not complete the

following by September 30, 2019:

- Acquire five acres of undeveloped land from the current landowner. These five acres would be separated from a larger 18 acre parcel.
- Secure an appurtenant easement from the City of Tracy for the installation of utilities and access to the proposed project.
- Secure a Conditional Use Permit for a CHP Communication Tower.

After the execution of the Lease Purchase Agreement it became evident that the necessary easements could not be secured by September 30, 2019. The property owners subsequently agreed to hold open Magnon's ability to purchase the property. On November 8, 2019, the Board approved a first amendment to the Lease Purchase Agreement to extend the date when the state could unilaterally cancel the lease to March 30, 2020. On June 12, 2020, the Board approved a second amendment to the Lease Purchase Agreement to extend the date when the state could unilaterally cancel the lease to September 30, 2020 when it became evident that Magnon could not complete the acquisition process by March 30, 2020.

In July 2020, Magnon informed the Department of General Service (DGS) and CHP that the lease payments under the Lease Purchase Agreement would be insufficient for Magnon to complete the project due to design revisions and significant delays in the acquisition process, and from general contractor bids being \$10 million more than previously estimated. Additionally, Magnon indicated it had assigned its rights to purchase the property to Tracy CHP Partners, LLC. and desired to replace itself with Tracy CHP Partners, LLC as the lessor in the Lease Purchase Agreement. After extensive negotiations, Magnon, DGS, and CHP, agreed to a proposed third amendment to the Lease Purchase Agreement under which Tracy CHP Partners, LLC would replace Magnon and there would be an increase in cumulative rental payments of \$9.7 million (from \$75.6 million to \$85.3 million) over the 20-year term, and to allow equal payments of \$355,000 per month instead of escalation from \$247,000 for year 1 to \$394,000 for year 20. The five, ten, and fifteen-year purchase options are also proposed to be adjusted commensurate with the revised rental stream. In addition, the construction start date would shift from September 3, 2020 to March 1, 2021, and the construction completion date would shift from February 1, 2022 to September 1, 2022. Finally, the date by which the state could unilaterally terminate the lease due to Tracy CHP Partners' failure to acquire the property and secure the necessary easements and use permit would be extended to October 31, 2020

Government Code Section 13332.10 requires DGS to provide 30 day-notice to the Legislature before entering a lease such as that proposed for the new Tracy Office. While a letter was provided prior to signing the 2018 lease, DGS submitted a second 30-day notice on September 15, 2020 due to the amendment of the lease to account for an increase in project cost and delay in schedule. The 30-day notice period will end on October 15, 2020.

**Staff Recommendation:**

**Approve a third amendment to the Lease Purchase Agreement as presented to the Board at the meeting, contingent on expiration of the legislative comments period with no adverse comments.**

## CONSENT ITEM—2

### BOARD OF STATE AND COMMUNITY CORRECTIONS (5227) ADULT LOCAL CRIMINAL JUSTICE FACILITIES PROJECT SAN JOAQUIN COUNTY

*Authority: Sections 15820.92 – 15820.926 of the Government Code*

#### Consider:

- 1) Recognizing a scope change
- 2) Approving preliminary plans
- 3) Recognizing revised project costs

## STAFF ANALYSIS ITEM—2

Board of State and Community Corrections  
Adult Local Criminal Justice Facilities Project  
San Joaquin County

#### Action Requested

**If approved, the requested action will recognize a scope change, approve preliminary plans, and recognize revised project costs.**

#### Scope Description

**This project is not within scope.** As approved by the Board at project establishment, this project includes the design and construction of a new stand-alone, one-story jail facility, on county-owned land in French Camp, California. The new jail will include spaces for housing, programs, staff and administration, receiving and transportation, support, and a small medical clinic. Housing will consist of approximately 260 beds across four medium security level pods in dorm style, two-tiered housing, each with a dayroom and access to a common outdoor recreation yard. Classroom space will be available for programs. Administrative and staff spaces will consist of training rooms and clerical space. Receiving and transportation will consist of food storage, a rethermalization kitchen, an inmate receiving area, and vehicle sally ports for inmate transportation, food, and laundry services. The support area will have attorney-client interview rooms and in-person visitation. The small medical clinic includes an exam room, office space, and equipment storage. The project will include, but is not limited to utilities; electrical; plumbing; mechanical; heating, ventilation, and air conditioning; communications; security fire protection systems; security fencing; landscaping; parking; and all necessary appurtenances.

The scope change requested by BSCC, on behalf of the County, will add a new 12-bed mental health unit to the project. The proposed mental health unit will include a day room, interview room, programming space, and an outdoor recreation yard. This addition will enhance facility needs for programs such as Jail Based Restoration to Competency Treatment (JBCT) and other mental health programs.



As part of this Board action, a revised project cost estimate was created in association with preliminary plans to add the 12-bed mental health unit.

On September 18, 2020, the Department of Finance notified the chairs of the Joint Legislative Budget and fiscal committees in each house of its intent to recommend the Board recognize the scope change and the allocation of additional authority no sooner than 20 days from that date.

#### Funding and Project Cost Verification

**This project is not within cost.** Section 15820.922 of the Government Code (SB 1022) appropriates \$509,060,000 lease revenue bond financing authority to partially finance the design and construction of adult local criminal justice facilities. The initial allocation of this funding to individual counties was administered through the Board of State and Community Corrections (BSCC) through a competitive public process. On July 24, 2019, the Board established the scope, cost, and schedule of this project allocating \$32,328,000 of the \$509,060,000 lease revenue bond financing authority appropriated in section 15820.922 of the Government Code to partially finance the design and construction of this project. At the time of Establishment, the total estimated project cost was \$36,998,000. On September 12, 2019, BSCC took an action to approve an additional revised scope and awarded \$4,183,000 of reverted SB 1022 funds to San Joaquin County for this project, for a new state total award amount of \$36,511,000 and a new total estimated project cost of \$41,357,000. All acquisition/study and any design and construction costs in addition to this award amount will be paid by the county. As part of this action, the Board is recognizing a revised project cost estimate as was prepared in association with a scope change for the preliminary plans to add a 12-bed mental health unit. The revised project cost is \$41,357,000, which will recognize the additional \$4,183,000 state award and a net increase of \$176,000 county funds.

\$ 36,998,000	Total authorized project costs
\$ 41,357,000	Total estimated project costs
\$ 32,328,000	State costs to be allocated: \$32,328,000 for construction (\$28,849,000 contract, \$1,731,000 contingency, and \$1,748,000 other project costs)
\$ 4,183,000	State costs to be adjusted: increase of \$4,183,000 for construction (increase of \$4,420,000 contract, decrease of \$243,000 contingency, and increase of \$6,000 other project costs)
\$ 2,508,000	Local costs previously allocated: \$1,203,000 for acquisition/study and \$1,305,000 for preliminary plans
\$ 2,162,000	Local costs to be allocated: \$1,237,000 for working drawings and \$925,000 for construction (\$612,000 A&E and \$313,000 other project costs)
\$ 176,000	Local costs to be adjusted: decrease of \$297,000 preliminary plans, increase of \$256,000 working drawings, and \$217,000 construction (increase of \$176,000 contingency and \$41,000 A&E)

#### CEQA

San Joaquin County filed a Notice of Exemption with the State Clearinghouse on January 12, 2017 and the 35-day statute of limitations expired without challenge.

### Real Estate Due Diligence

The Department of General Services, on behalf of San Joaquin County, completed a Summary of Conditions Letter for this project on July 3, 2020 and no issues that would adversely affect the beneficial use and quiet enjoyment of the project were identified.

### Project Schedule

Approve preliminary plans	September 2020
Complete working drawings	February 2021
Start construction	May 2021
Complete construction	October 2022

**Staff Recommendation:**                      **Recognize scope change, approve preliminary plans, and recognize revised project costs.**

## **CONSENT ITEM—3**

**CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE (8570)  
ANAHEIM FACILITY PURCHASE  
ORANGE COUNTY**

*Authority:*     2020 Budget Act, Item 8570-301-3101(1)

### **Consider authorizing:**

- 1) Acquisition of real property**
- 2) Execution of a property acquisition agreement and other such documents as may be required to complete the acquisition**

## **STAFF ANALYSIS ITEM—3**

Department of Food and Agriculture  
Anaheim Facility  
Orange County

### Action requested

**If approved, the requested action will authorize acquisition and acceptance of title for improved property through exercise of an option to purchase pursuant to a lease and authorize the execution of documents as may be required to complete the acquisition.**

### Background

On April 1, 2016, the State of California, acting by and through the Director of the Department of General Services (DGS) entered into a 12-year lease with an Option to Purchase (Agreement) for a fully developed property consisting of 23,980 square feet of office and laboratory space on a .71 acre parcel (the Property), which has been used by the Department of Food and Agriculture (DFA). This request will authorize the acquisition of the Property which is located at 169 E. Liberty Avenue, in the City of Anaheim, Orange County.

The terms of the Property Acquisition Agreement stipulate a base purchase price for the sum of \$1,600,000 adjusted upwards by the percentage increase in the Consumer Price Index from March 1, 2015 through the date the state submits its Notice of Intent to Exercise the Option to Purchase (NOI), which was July 22, 2020. The calculated adjusted price, consistent with the date of submission of the NOI, is \$1,844,000.

#### Funding and Cost Verification

**This project is within cost.** The Budget Act of 2020 provides \$1,872,000 for the acquisition of this Property. The Property can be acquired with the funds available and in accordance with legislative intent.

#### CEQA

A Notice of Exemption was filed with the State Clearinghouse on February 24, 2016, and the 35-day statute of limitations expired without challenge.

#### Condition of Property Statement

The Department of General Services (DGS), Environmental Services Unit (ESU) staff conducted a site visit to the Property on July 20, 2020 to assess the general condition. The historical land use of the Property has been agricultural and commercial/industrial. The original 23,680 sq.ft. office/warehouse building dates to 1963. Much of the site is currently under renovation/upgrades which were observed during the site visit and are anticipated for completion in September 2020 for the projected use of DFA. DFA has been leasing the Property for almost 40 years.

#### Environmental Site Assessment (ESA) Phase 1

A Phase I ESA was completed in 2001. The ESA noted the presence and subsequent removal of two 550-gallon underground gasoline storage fuel tanks. Upon removal, soil samples were taken which revealed no evidence of contamination. Local state and federal government agency lists were reviewed to identify sites located within one-eighth to one-mile radius. One site, identified as Northrup Y-12, had an open case due to high levels of tetrachloroethene (PCE) and trichloroethene (TCE) in soil, soil vapor, which affected the groundwater beneath the site. Groundwater monitoring wells were installed nearby, and further testing and action is scheduled for fall 2020 according to the Santa Ana Regional Water Quality Control Board.

Due to the site's history, the age of the previous Phase 1 ESA (2001) and the potential impacts of the surrounding properties, a new Phase 1 ESA and possible limited Phase 2 (dependent on the findings of the Phase 1) is recommended. However, Board staff do not feel that this recommendation should delay this acquisition due to the fact that DFA has been on the Property for almost 40 years and could lose its investments in the Property if the option is not exercised now.

#### Real Estate Due Diligence

Real estate due diligence is complete and there are no issues that would affect the beneficial use and quiet enjoyment of the Property. There are no historical issues and no implied dedication associated with the Property.

Other:

- All public utilities are available in close proximity to the Property.
- Neither DGS, nor DFA are aware of any lawsuits pending concerning the Property.
- The Property Acquisition Agreement will require delivery of title to the Property free and clear of any mortgages or liens.
- No relocation assistance is required.
- The proposed project location is consistent with the state's planning priorities in accordance with Government Code Section 65041 et seq.

**Staff Recommendation:**

**Authorize acquisition and acceptance of title for improved property through exercise of an option to purchase pursuant to a lease, and authorize the execution of documents as may be required to complete the acquisition.**

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## **ACTION ITEMS**

### **ACTION ITEM—1**

**HIGH SPEED RAIL AUTHORITY (2665)  
INITIAL OPERATING SEGMENT, SECTION 1  
VARIOUS COUNTIES**

*Authority: 2012 Budget Act, Item 2665-306-0890 (1), as reappropriated by the 2018 Budget Act  
2012 Budget Act, Item 2665-306-6043 (1), as reappropriated by the 2018 Budget Act  
2014 Budget Act, Item 2665-306-3228 (1),  
Section 39719(b) (2) of the Health and Safety Code  
Section 39719.1 of the Health and Safety Code  
Section 15854 of the Government Code*

**Consider the adoption of Resolutions of Necessity authorizing the use of eminent domain by the High Speed Rail Authority to acquire the following properties for the High Speed Train System:**

- 1) Raven Property (Fresno County)**  
**Authority Parcel Numbers: FB-10-1536-2, FB-10-1536-3, FB-10-1536-4, and FB-10-1536-5**  
**Assessor Parcel Number: 385-170-06S**
- 2) FMC Corporation Property (Fresno County)**  
**Authority Parcel Number: FB-10-1614-1**  
**Assessor Parcel Number: 480-360-34S (formerly designated 480-360-28S)**
- 3) Eveland Property (Madera County)**  
**Authority Parcel Numbers: MF-20-1270-1, MF-20-1270-2, and MF-20-1270-3**  
**Assessor Parcel Number: 036-010-014 (formerly designated 036-010-006)**

# STAFF ANALYSIS ITEM—1

High Speed Rail Authority  
Initial Operating Segment, Section 1  
Various Counties

## Action Requested

**Adopt Resolutions of Necessity authorizing the use of eminent domain by the High Speed Rail Authority to acquire properties for the High Speed Train System.**

## Background

Under California Eminent Domain Law, the Board is the governing body of the High Speed Rail Authority (Authority) for purposes of adopting Resolutions of Necessity that are required for the Authority to initiate eminent domain proceedings. To adopt a Resolution of Necessity the Board must consider that the following conditions have been met:

- (A) The public interest and necessity require the project;
- (B) The project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury;
- (C) The property sought to be acquired is necessary for the project; and,
- (D) The offer required by Government Code section 7267.2 has been made to the owner or owners of record.

The properties are within the right of way for the Initial Operating Segment, Section 1, extending from Madera to Shafter, and are within the preferred alignment as previously approved by both the High Speed Rail Authority Board of Directors and the Federal Railroad Administration. Acquisition of these properties will allow the Authority to move forward with construction of the High Speed Train System (HSTS).

The Authority notified the Board's staff that in July 2020, the respective property owners were provided with a first written offer to purchase the subject property, as required by Government Code section 7267.2. The Authority has informed the Board's staff that negotiations to acquire the property are continuing; however, to keep the project on schedule, the adoption of Resolutions of Necessity to authorize the use of eminent domain is required at this time.

On September 18, 2020, Notices of Intent to adopt a Resolution of Necessity were mailed by Board staff to the property owners. These notices were sent in accordance with Code of Civil Procedure section 1245.235.

## ***Property Specific Information:***

### **1. Raven Property (Fresno County)**

**Authority Parcel Numbers: FB-10-1536-2, FB-10-1536-3, FB-10-1536-4, and FB-10-1536-5**

**Assessor Parcel Number: 385-170-06S**

Partial Acquisition: Approximately 1.25 acres (0.26 acre in fee, 0.99 acre in easement)

The parcel is needed for the construction of the HSR corridor at East Clarkson Avenue and South Minnewawa Avenue.

**2. FMC Corporation Property (Fresno County)**

**Authority Parcel Number: FB-10-1614-1**

**Assessor Parcel Number: 480-360-34S (formerly designated as 480-630-28S)**

Partial Acquisition: Approximately 0.11 acre in easement

The parcel is needed for a permanent PG&E easement at East Church Avenue and Sunland Avenue

**3. Eveland Property (Madera County)**

**Authority Parcel Numbers: MF-20-1270-1, MF-20-1270-2, and MF-20-1270-3**

**Assessor Parcel Number: 036-010-014 (formerly designated 036-010-006)**

Partial Acquisition: Approximately 1.09 acres (1.02 acres in fee, 0.07 acre in easement)

The parcel is needed for construction of the HSR corridor and for a cul-de-sac at Old Mill Drive.

**Staff Recommendation:**

**Adopt Resolutions of Necessity authorizing the use of eminent domain by the Authority to acquire properties for the HSTS.**

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## **OTHER BUSINESS**

**NONE**

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## **GENERAL PUBLIC COMMENT**

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# **REPORTABLES**

## **Reportable Items**

**For the Month of October 2020**

**Actions Authorized by Staff from September 12, 2020 through October 9, 2020**

**As Authorized by Resolution of the Board dated December 13, 2019**

<b><u>Department/Org Code</u></b>	<b><u>Project Title</u></b>	<b><u>Authority</u></b>	<b><u>Action</u></b>	<b><u>Amount/(Percent)</u></b>
Department of Corrections and Rehabilitation (5225)	Tri County Regional Juvenile Project, Yuba County	Sections 1970 – 1978 of the Welfare and Institutions Code	Recognize revised project costs	\$20,262,000 total authorized project costs  Increase of \$642,000 Local Costs
Department of Corrections and Rehabilitation (5225)	Jail Project, Orange County	Government Code Sections 15820.91 – 15820.917	Correction to July 13, 2020 reportable; project costs were reported as \$217,786, corrected here as \$ 217,786,000	
Board of State and Community Corrections (5227)	Adult Local Criminal Justice Facilities Project, Merced County	Sections 15820.93 – 15820.936 of the Government Code	Approve performance criteria	
Board of State and Community Corrections (5227)	Adult Local Criminal Justice Facilities Project (SB 863), Napa County	Sections 15820.93 – 15820.936 of the Government Code (SB 863)	Approve preliminary plans  Recognize revised project costs	\$47,681,000 total authorized project costs  Decrease of \$413,000 Local Costs
Board of State and Community Corrections (5227)	Adult Local Criminal Justice Facilities Project (SB 844), Napa County	Sections 15820.94 – 15820.947 of the Government Code (SB 844)	Approve preliminary plans	